



## KEEPING YOUR MAILING ADDRESS CURRENT

PERSI prides itself on providing quality customer service. Every attempt is made to get timely information to our members. But alas, there's a glitch. We receive an extraordinarily high amount of returned mail. When this happens, we dedicate our resources to the time-consuming task of identifying the member's employer, then we either have to contact the employer to get a current mailing address or get the returned mail to the employer to straighten out the records. In some cases, we must resend the mail, which means doubling our efforts in both time and expense. If you multiply this effort by thousands of pieces of undeliverable mail each year, you'll understand our concern.

Undeliverable mail means our records are not up-to-date, so we are unable to get newsletters, statements, 1099s, and other important materials to members.



*PERSI's Stacey Hofmann is overwhelmed by the hundreds of pieces of undeliverable mail returned to PERSI since January.*

Active members can help PERSI keep its records current by submitting an address change to your employer if you move. PERSI can only change its records for active members when the information is received from the employer via an electronic transmittal. Inactive members, however, may contact PERSI directly by phone, mail, or email to make a change at any time. Your help is certainly appreciated.

## PERSI WELCOMES NEW DEPUTY DIRECTOR



*New Deputy Director Don Drum*

PERSI is pleased to announce Don Drum has assumed the role of Deputy Director. He comes to PERSI after spending more than 15 years with the Idaho Department of Correction. During his time with Corrections, Don honed his management, compliance, human resource, and policy and procedure skills while serving as a fiscal officer, administrator of management services, and administrator of support. He has extensive experience interacting with state legislators and both state and federal agencies. Before entering public service for the State of Idaho, Don was the Controller and Vice President of finance and accounting with Multi-Link Systems in Boise. He earned a bachelors degree in business administration from Boise State and achieved Public Accountant Certification in Alaska and Oregon. Don replaces John Doner, who retired after nearly 5 years with PERSI.

### Inside this issue:

Estate Planning.....	2
Legislative Update.....	3
Working in Retirement....	4
Notes.....	4

# Insights

## SPRING IS A GOOD TIME TO REVIEW YOUR ESTATE PLAN

Having an estate plan helps transfer your assets to your beneficiaries—hopefully quickly and with minimal tax consequences. You may have gone through your estate plan a thousand times and feel confident you’ve filled every gap, taken every precaution, and thought of every possible contingency. As far as you know, everything is in order—your will, your durable power-of-attorney, and your letter of last instruction. Carefully tucked away in a file right behind your Social Security estimates and savings information are your annual statements from PERSI. You’ve even made a list of what you want passed on to each of your children when your time comes. But is your plan clear, will it work, and how will you know? When you start your spring cleaning this year, take the time to also review your estate plan to determine if it requires any “cleanup.” A good way to find out if your estate plan will work is to give it a test run.

Assemble all the people who will take part in the test run including your spouse, your children, and whomever you’ve named as executor of your estate. These key people should know who will be responsible for certain duties, and they should be able to talk out critical issues including who is to be contacted upon your death and who will make the funeral arrangements. Can they do it? Test them by announcing you have just passed away, then disappear for awhile to see what happens. It will soon become clear whether your estate plan is going to work.

First, everyone should know the name of your executor and where to find your original will. Your executor should understand the process of obtaining a death certificate (they will need several copies) and how to file it with the county clerk. Certain people should be notified of your death including your attorney, insurance agent, clergy, employer, PERSI, beneficiaries, and a funeral director. Does your executor know who these people are and where to find their phone numbers?

The next hurdle will be to locate all the important papers necessary to settle your estate. Without too much difficulty, your executor should be able to locate your birth certificate, marriage license, Social Security number, military discharge papers, insurance policies, bank records complete with account numbers, income tax returns, investment papers with contact information, mortgages, deeds, titles, your letter of last instruction, and any other important documents. If these are stored in a safe deposit box, does your executor have legal access? If you’re unsure, check with your bank.

Does your spouse know how much income he/she will receive from PERSI, Social Security, and other sources? If not, add it to your follow-up list. If they do have some idea, have them use that amount to write out the bills for the next month (being sure to include the amounts for burial and final expenses). Did they have enough money or were they short? Does your spouse know how soon after your death the first Social Security and/or pension benefit checks will arrive? If not, find out.

You may also realize your children don’t understand your will. For example, if you said your son Tom was to get the television, which one do you mean? Or, do you want Tom to get them all? If you said the china goes to your daughter Mary, does that mean Mary not only gets your personal china, but also the china your aunt left you years ago? Wills can be confusing. Perhaps your will needs a little—or even a lot—of clarification. The test run may help you identify the gaps that need filling.

At the end of this exercise, you may realize just how ill-prepared everyone is to deal with matters upon your death. The good news is you still have time to fix it. So this spring, you might want to try this exercise to see if your estate plan works. By reviewing your plan, you will have peace of mind today, and you will prevent an “estate of confusion” for your loved ones after you’re gone.

# LEGISLATIVE UPDATES: Bills Affecting PERSI

- **SB1268 One Year After Leaving Employment to File for Disability Retirement.** An inactive member filing for disability retirement must do so within one year after their last day physically on the job. Signed by the Governor on 3/22/06.
- **SB1269 Deleting Old Voluntary Contribution Program.** Repeals section 59-1335 concerning the Voluntary Contribution Program, which was enacted in 1967 prior to the adoption of the PERSI Choice Plan as a way for members to enhance their Base Plan benefit. Signed by the Governor on 3/22/06.
- **SB1270 Amending Unused Sick Leave Program.** Amends the Unused Sick Leave Program for state and school participants. The amendments 1) allow the Board to determine "rate of pay" used to calculate the value of the member's unused sick leave account; 2) allow PERSI to apply federal tax limits to payments from unused sick leave accounts; and 3) update the types of insurance premiums that may be deducted from the unused sick leave accounts. Signed by the Governor on 3/22/06.
- **SB1271 Clarifies Death Benefit Calculation in the Case of Rehired Retiree.** This bill clarifies some language in the law and addresses how the death benefit will be calculated for a rehired retiree. Signed by the Governor on 3/22/06.
- **SB1272 Removes Required Distribution of Accounts Above \$1000.** In recent legislation, the federal government has required that, in the case of any mandatory distributions from a retirement plan for members who do not elect to take the distribution, they must be rolled to an IRA. There are onerous and complex regulations regarding how the retirement system must set up and monitor the IRAs. This bill removes the mandatory distribution requirement for non-vested, inactive members who have account balances above \$1000 (the threshold for the law). Signed by the Governor on 3/22/06.
- **SB1334 Class C Firefighters, Retro.** This bill amends a bill passed in 1990, which removed the class of members hired between July 1, 1978 and September 30, 1980, and transferred active members to the general provisions of the FRF law. However, there was no specific language to address retirees who were hired between 1978-1980, but were retired on the effective date in 1990. This bill states that the retired members are treated similarly to the active members. Signed by the Governor on 3/30/06.
- **SB1345 Reemployment of PERSI Retirees as Elected Officials.** This bill provides that under certain conditions, a PERSI retiree may be elected to a full-time public office and continue to receive their retirement allowance. The conditions are: 1) they must have been retired for more than 6 months; 2) they cannot be elected to the same office held prior to retirement; 3) they must have achieved Rule of 80/90 or age 60/65; and 4) they will not accrue any additional PERSI service. Signed by the Governor on 3/24/06.
- **SB1409 Establishes a Fund for Purchase of Service for Senior Magistrate Judges.** Establishes a fund, funded by additional filing fees, to purchase up to 48 months of PERSI service for senior magistrate judges as defined in Idaho Code 1-2221. Signed by the Governor on 3/30/06.
- **SB1411 Indemnification of PERSI Board Members.** This bill clarifies the provision for defense and indemnification of the PERSI Board, staff, and specific committees within PERSI. It clarifies the relationship between Idaho Tort Claims Act and PERSI statutes. It also specifies those covered must be performing their duties within the course and scope of the employment to be eligible for defense and indemnification. Replaced SB 1376. Signed by the Governor on 3/30/06.
- **HB 433 Removes the Board of Trustees of the Idaho Petroleum Clean Water Fund from PERSI,** retroactive to January 1, 2003. Signed by the Governor on 3/22/06.
- **HB 451 Requires that any interest transferred to an alternate payee of an FRF retiree be a lifetime annuity.** The alternate payee benefit will be paid for the lifetime of the alternate payee, and will not revert to the member upon death of the alternate payee. Signed by the Governor on 3/9/06.



# WORKING AFTER RETIREMENT AND YOUR PERSI BENEFITS

PERSI retirees may work for any private-sector employer for as long as they want and for as many hours as they want without affecting their retirement benefits. HOWEVER, if a retiree wants to work for a PERSI employer some restrictions apply.

If you are an early retiree (younger than age 65, or 60 for police/PERSI firefighters) you must have at least a 90-day complete break in employment if you want to return to work for your last employer. In addition, no promise of future employment can be made to you when you leave your job. The IRS has very strict definitions of breaks in service to ensure individuals do not receive benefit payments if they have what's considered continued employment. If you are an early retiree and return to the same employer within 90 days, any pension benefit payments received plus interest must be returned to PERSI. State employees should know all agencies of the State of Idaho are considered one employer.

If you want to work for a PERSI employer and continue to receive your monthly pension payments there are some limitations. To avoid having your PERSI benefits affected you have two choices: 1) You must

limit yourself to working less than 20 hours per week. No restrictions apply on the length of your employment, however. 2) You may work full-time without impacting your PERSI benefits as long as you work less than 5 consecutive months. There must be a complete break of employment for 30 days before and after the period of full-time employment. If you exceed these limits, your retirement payments must stop, and both employee and employer contributions must be paid to PERSI from the beginning date of reemployment. You must also pay back all benefit payments received after your reemployment date plus interest. This applies to all retirees regardless of age.

When employment ends, contributions stop and you may once again begin receiving your original pension benefits. A separate allowance based on your reemployment period will be added. If your reemployment is less than 5 months, PERSI will return contributions to you, your employer will get a credit for that amount, and you will receive retroactive benefit payments covering the reemployment period.

## Notes

PERSI Investment Officer **Richelle Sugiyama** has been appointed to the Endowment Fund Investment Board, which manages income derived from endowment lands in Idaho. For several months last year, Richelle served as interim director while the State searched for someone to fill the role permanently.

PERSI legal counsel **Brad Goodsell** was appointed Co-chair of the Benefits Section of the National Association of Public Pension Attorneys, a professional organization providing continuing legal education services to public retirement plans. He was also elected to the Board of Directors of the local chapter of the National Institute of Pension Administrators, a national association representing the retirement and employee benefit plan administration profession.



[www.persi.state.id.us](http://www.persi.state.id.us)

I D A H O

## PERSpectives



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607 North 8th Street, Boise, ID 83702  
Base Plan: 208.334.3365 or 1.800.451.8228  
Choice Plan: 1.866.437-3774  
[www.persi.state.id.us](http://www.persi.state.id.us)

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